

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE CARROLL)	
COUNTY WATER DISTRICT FOR A)	
CERTIFICATE OF PUBLIC CONVENIENCE)	
AND NECESSITY TO CONSTRUCT AN)	
IMPROVEMENTS PROJECT AND TO ISSUE)	CASE NO.
SECURITIES IN THE APPROXIMATE)	2003-00336
AMOUNT OF \$1,952,656 TO FINANCE SAID)	
PROJECT PURSUANT TO KRS 278.020 AND)	
807 KAR 5:001)	

ORDER

On September 11, 2003, Carroll County Water District (Carroll District) applied to the Commission for a Certificate of Public Convenience and Necessity (Certificate) to construct a waterworks improvement project and to obtain Commission approval of its proposed plan of financing. The total cost of the construction project is approximately \$1,956,156.

The proposed wastewater improvement project includes installation of approximately 15 miles of 8-inch through 3-inch water lines, a 200,000-gallon water storage standpipe, a 500,000-gallon elevated water storage tank, a water booster pumping station and related appurtenances. The project will allow Carroll District to serve approximately 42 new customers and increase flows and pressures to existing customers. This project is being constructed in a large part to provide additional water supply to the Kentucky-American Tri-Village District. Plans and specifications for the proposed improvements were prepared by Tetra Tech, Inc. of Lexington, Kentucky, and

were approved on June 19, 2003 by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

Carroll District proposes to fund its wastewater improvement project with a Kentucky Infrastructure Authority (KIA) State Revolving Loan in the amount of \$1,952,656 at 3 percent per annum for 20 years and a contribution from the applicant in the amount of \$3,500.

As part of its application, Carroll District moves for a deviation from the provision of Administrative Regulation 807 KAR 5:001, Section 6, requiring that, [w]henver in these rules it is provided that a financial exhibit shall be annexed to the application, the said exhibit shall cover operations for a twelve (12) month period, said period ending not more than ninety (90) days prior to the date the application is filed. However, Section 14 of that regulation permits a deviation upon the showing of good cause.

In support of its request, Carroll District states that there has been no change that is material in nature in the financial condition or operation of Carroll District since December 31, 2002. In its application, Carroll District uses the financial data for the 12-month period ending December 31, 2002, the most recent published financial data available. According to Carroll District, its computer system cannot generate the required financial data in a timely and efficient manner. Requiring it to generate updated financial statements, Carroll District claims, would cause it to lose its favorable construction bids. Having considered Carroll District's request to deviate, the Commission has determined that good cause for granting the deviation has been presented, and that there is sufficient financial information in the record for it to render a decision regarding the proposed KIA loan.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that:

1. Public convenience and necessity require that the construction proposed be performed and that a Certificate be granted.

2. The proposed construction consists of the installation of approximately 15 miles of 8-inch through 3-inch water lines, a 200,000-gallon water storage standpipe, a 500,000-gallon elevated water storage tank, a water booster pumping station and related appurtenances.

3. After allowances for fees, contingencies, and other indirect costs, the total project cost is approximately \$1,956,156.

4. Carroll District should obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

5. Carroll District should file a copy of the as-built drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

6. Carroll District should require construction to be inspected under the general supervision of a licensed professional engineer with a Kentucky licensure, competent in civil or mechanical engineering, to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

7. Carroll District should notify the Commission, in writing, one week prior to the start of construction and after 50 percent completion.

8. Carroll District's proposal to obtain the KIA loan as described herein, to finance its proposed wastewater improvement project is for a lawful object within its corporate purpose, is necessary, appropriate for and consistent with the proper performance of its service to the public, and should therefore be approved.

IT IS THEREFORE ORDERED that:

1. Carroll District's motion to deviate from Administrative Regulation 807 KAR 5:001, Section 6, is granted.

2. Carroll District is granted a Certificate to proceed with the proposed wastewater improvement project.

3. Carroll District shall comply with the requirements contained in Findings 4 through 7 as if the same were individually so ordered.

4. Carroll District is authorized to borrow an amount not to exceed \$1,952,656 from the KIA at 3 percent per annum not to exceed 20 years.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 10th day of November, 2003.

By the Commission

ATTEST:


Executive Director